

EXHIBIT A

From: [Ryan P Rowan](#)
To: [Prakash, Rajat](#); bgriffith@miiipartners.com; [Trenton Bonnell](#); [Daniel Allan](#); [Avitia-Guzman, Jaqueline](#); [Khan, Aziz](#); [Joye, Jennifer](#); [Valentino, Luke](#); [Nicholas Weber](#); [Hamilton, Steve](#)
Cc: [Andrew D Hede](#); [Sheshan Swaminathan](#)
Subject: RE: Revised_Cash Flow Closing and Reconciliation Process
Date: Monday, February 11, 2019 9:35:30 PM
Attachments: [Cash Flow Closing and Reconciliation Process Document v7 redline.docx](#)

All –

Attached please find the latest cash flow closing and reconciliation agreement updated to include all comments received. Please let me know if you have any questions. Thank you.

Regards,
Ryan

Ryan P. Rowan | Senior Manager | Restructuring Advisory Services

Ernst & Young LLP
Office: +1 212 773 7385 | Mobile: +1 917 526 3827 | ryan.rowan@ey.com

From: Prakash, Rajat [<mailto:Rajat.Prakash@searshc.com>]
Sent: Monday, February 11, 2019 2:12 PM
To: Ryan P Rowan <ryan.rowan@ey.com>; bgriffith@miiipartners.com; [Trenton Bonnell](#) <tbonnell@miiipartners.com>; [Daniel Allan](#) <dallan@miiipartners.com>; [Avitia-Guzman, Jaqueline](#) <Jaqueline.Avitia-Guzman@searshc.com>; [Khan, Aziz](#) <Aziz.Khan@searshc.com>; [Joye, Jennifer](#) <Jenny.Joye@searshc.com>; [Valentino, Luke](#) <Luke.Valentino@searshc.com>; [nweber@miiipartners.com](#); [Hamilton, Steve](#) <Steve.Hamilton@searshc.com>
Cc: [Andrew D Hede](#) <Andrew.Hede@ey.com>; [Sheshan Swaminathan](#) <sheshan.swaminathan@ey.com>
Subject: RE: Revised_Cash Flow Closing and Reconciliation Process

Feb 10 makes sense.

Steve Hamilton in Accounting (cc'ed here) has the reports with EOD store cash

Thanks,

Rajat Prakash
Sears Holdings Corporation
Treasury
847.286.2288

From: Ryan P Rowan [<mailto:ryan.rowan@ey.com>]
Sent: Monday, February 11, 2019 2:07 PM
To: [Prakash, Rajat](#) <Rajat.Prakash@searshc.com>; bgriffith@miiipartners.com; [Trenton Bonnell](#) <tbonnell@miiipartners.com>; [Daniel Allan](#) <dallan@miiipartners.com>; [Avitia-Guzman, Jaqueline](#) <Jaqueline.Avitia-Guzman@searshc.com>; [Khan, Aziz](#) <Aziz.Khan@searshc.com>; [Joye, Jennifer](#)

<Jenny.Joye@searshc.com>; Valentino, Luke <Luke.Valentino@searshc.com>;
nweber@miiipartners.com

Cc: Andrew D Hede <Andrew.Hede@ey.com>; Sheshan Swaminathan
<sheshan.swaminathan@ey.com>

Subject: RE: Revised_Cash Flow Closing and Reconciliation Process

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Rajat –

The date should be Feb 10th; all transaction activity as of Feb. 11th at 12:01am EST is property of the Buyer. Can you help me understand who can provide this information?

We have a 10am Central Time meeting scheduled for tomorrow (standing cash management meeting initiated by Dan from M-III). Can we use that time tomorrow to discuss who within Treasury and Finance can help us obtain the necessary documents to begin the reconciliation process?

Will make the change to the document and await further comments before re-circulating. If no further comments come across, I will re-send EOD. Thank you.

Regards,
Ryan

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From: Prakash, Rajat [mailto:Rajat.Prakash@searshc.com]

Sent: Monday, February 11, 2019 1:56 PM

To: Ryan P Rowan <ryan.rowan@ey.com>; bgriffith@miiipartners.com; Trenton Bonnell
<tbonnell@miiipartners.com>; Daniel Allan <dallan@miiipartners.com>; Avitia-Guzman, Jaqueline
<Jaqueline.Avitia-Guzman@searshc.com>; Khan, Aziz <Aziz.Khan@searshc.com>; Joye, Jennifer
<Jenny.Joye@searshc.com>; Valentino, Luke <Luke.Valentino@searshc.com>;
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Cc: Andrew D Hede <Andrew.Hede@ey.com>; Sheshan Swaminathan
<sheshan.swaminathan@ey.com>

Subject: RE: Revised_Cash Flow Closing and Reconciliation Process

Agreed Principles (last bullet) – Is Feb 12th correct?

Thanks,

Rajat Prakash
Sears Holdings Corporation
Treasury
847.286.2288

From: Ryan P Rowan [<mailto:ryan.rowan@ey.com>]
Sent: Monday, February 11, 2019 1:16 PM
To: bgriffith@miiipartners.com; Trenton Bonnell <tbonnell@miiipartners.com>; Daniel Allan <dallan@miiipartners.com>; Avitia-Guzman, Jaqueline <Jaqueline.Avitia-Guzman@searshc.com>; Prakash, Rajat <Rajat.Prakash@searshc.com>; Khan, Aziz <Aziz.Khan@searshc.com>; Joye, Jennifer <Jenny.Joye@searshc.com>; Valentino, Luke <Luke.Valentino@searshc.com>; nweber@miiipartners.com
Cc: Andrew D Hede <Andrew.Hede@ey.com>; Sheshan Swaminathan <sheshan.swaminathan@ey.com>
Subject: RE: Revised_Cash Flow Closing and Reconciliation Process

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All:

Please find attached the latest Cash Flow Closing and Reconciliation Process Agreement and schedules updated with the latest changes received.

Please let me know if you have any questions. Thank you.

Regards,
Ryan

Ryan P. Rowan | Senior Manager | Restructuring Advisory Services

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Office: +1 212 773 7385 | Mobile: +1 917 526 3827 | ryan.rowan@ey.com

From: Ryan P Rowan
Sent: Thursday, February 07, 2019 12:23 PM
To: 'Brian Griffith' <bgriffith@miiipartners.com>; Trenton Bonnell <tbonnell@miiipartners.com>; Daniel Allan <dallan@miiipartners.com>; Avitia-Guzman, Jaqueline <Jaqueline.Avitia-Guzman@searshc.com>; Prakash, Rajat <Rajat.Prakash@searshc.com>; Khan, Aziz <Aziz.Khan@searshc.com>; Joye, Jennifer <Jenny.Joye@searshc.com>; Valentino, Luke <Luke.Valentino@searshc.com>; Nicholas Weber <nweber@miiipartners.com>
Cc: Andrew D Hede <Andrew.Hede@ey.com>; Sheshan Swaminathan <sheshan.swaminathan@ey.com>
Subject: RE: Revised_Cash Flow Closing and Reconciliation Process

See attached. Thank you.

Regards,
Ryan

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From: Brian Griffith [<mailto:bgriffith@miiipartners.com>]
Sent: Thursday, February 07, 2019 12:08 PM
To: Ryan P Rowan <ryan.rowan@ey.com>; Trenton Bonnell <tbonnell@miiipartners.com>; Daniel Allan <dallan@miiipartners.com>; Avitia-Guzman, Jaqueline <Jaqueline.Avitia-Guzman@searshc.com>; Prakash, Rajat <Rajat.Prakash@searshc.com>; Khan, Aziz <Aziz.Khan@searshc.com>; Joye, Jennifer <Jenny.Joye@searshc.com>; Valentino, Luke <Luke.Valentino@searshc.com>; Nicholas Weber <nweber@miiipartners.com>
Cc: Andrew D Hede <Andrew.Hede@ey.com>; Sheshan Swaminathan <sheshan.swaminathan@ey.com>
Subject: RE: Revised_Cash Flow Closing and Reconciliation Process

Can we get a redline version?

Brian J. Griffith
M-III Partners, LP
212-716-1494

From: Ryan P Rowan <ryan.rowan@ey.com>
Sent: Thursday, February 7, 2019 1:06 PM
To: Trenton Bonnell <tbonnell@miiipartners.com>; Daniel Allan <dallan@miiipartners.com>; Brian Griffith <bgriffith@miiipartners.com>; Avitia-Guzman, Jaqueline <Jaqueline.Avitia-Guzman@searshc.com>; Prakash, Rajat <Rajat.Prakash@searshc.com>; Khan, Aziz <Aziz.Khan@searshc.com>; Joye, Jennifer <Jenny.Joye@searshc.com>; Valentino, Luke <Luke.Valentino@searshc.com>; Nicholas Weber <nweber@miiipartners.com>
Cc: Andrew D Hede <Andrew.Hede@ey.com>; Sheshan Swaminathan <sheshan.swaminathan@ey.com>
Subject: Revised_Cash Flow Closing and Reconciliation Process

All:

Please find attached the latest agreement updated to include language providing for the treatment of "Buyer Funds Collected in Seller Bank Accounts Following the Closing Date" and "Pharmacy Lockbox".

The Buyer is proposing the following treatment for the Pharmacy Lockbox and related bank account:

- Seller will remain under control of the Pharmacy Lockbox #843946 and associated bank BAML account ending in #1451
- Following the Closing Date, the current ZBA instructions will no longer apply
- Following the Closing Date, the deposits entered and wires received within this account will be wired to a NewCo account (to be specified).

Please note, the Buyer has reviewed the Pharmacy Lockbox approach with BAML and received their blessing. If the Seller is in agreement with this approach, the Seller **has an action item to complete as soon as possible**. The Seller will need to send a letter of instruction on company letterhead and signed by an authorized party instructing BAML of exactly what to do. In addition, clarification regarding a new billing account is requested, if needed.

Upon your review of the agreement and attached schedules, please let us know if you have any comments or questions. Thank you.

Regards,
Ryan



Ryan P. Rowan | Senior Manager | Restructuring Advisory Services

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Executive Summary:

The purpose of this document is to describe the flow of funds on the Closing Date and describe the post-closing reconciliation process.

Agreed Principles:

- Closing Date: February ~~11~~¹⁸, 2019 at 12:01am Eastern Standard Time ("EST");
- Cash flow receipts generated prior to ~~February 8, 2019~~^{February 11, 2019} at 12:01am EST at the 425 go-forward stores and non-store locations (includes Sears Appliance, Sears Auto (Detached), Sears Home Services, Sears Call Centers, Sears Home Office locations, and Sears Home Improvement) are property of the Seller;
- Cash flow receipts generated at the 80 Going Out of Business ("GOB") locations will remain property of the Seller;
- Automatic BAML sweeps will be turned off after all regular sweeps occur on February 7, 2019 at 5:00pm EST;
- Current systemic wires from the Regional Banks will be processed under normal course on the morning of ~~February 8, 2019~~^{February 11, 2019} no later than 12:30pm EST and instruct the funds to be directed into the BAML Concentration Accounts;
- Manual sweeps of any cash credited overnight will be processed by BAML to pay-down the revolver to the extent necessary to reduce existing indebtedness of the Seller under the DIP Credit Agreement to \$850,000, ~~000,000~~^{no} no later than 2:00pm ~~Est~~^{EST} on ~~February 8, 2019~~^{February 11, 2019} and the remaining cash credited overnight will be transferred to the Seller's post-close bank accounts;
- If the Seller's existing indebtedness under the DIP Credit Agreement is equal to or below \$850,000,000 as of 12:01am EST on ~~February 8, 2019~~^{February 11, 2019} all cash credited overnight will be transferred to the Seller's post-close bank accounts; and
- Cash in the 425 go-forward stores shall be counted on the evening of February ~~10~~¹¹, 2019 (or the evening before ultimate closing) once the stores have closed. The amount of the reported cash on hand in the 425 go-forward stores will be paid in cash from the Buyer to the Seller on the Closing Date.

Flow of Funds on the Closing Date:

On the morning of the Closing Date, the BAML Concentration accounts will contain all monies received from all the Regional Banks plus all funds collected within the BAML concentration accounts from transactions that occurred up to ~~February 8, 2019~~^{February 11, 2019} at 12:01am EST. Manual sweeps from BAML will take place on Monday, ~~February 8, 2019~~^{February 11, 2019} to pay down the existing Revolver. All cash in-transit during this time will be excluded and will be reconciled during the post-closing reconciliation process.

Funds collected at Stores but not yet in Bank:

Due to the variability of the armored car schedules for all store and non-store locations (See Schedule C and D), there will be cash and checks sitting in stores which relate to transactions that occurred on or prior to February 7, 2019. Following the Closing Date, relevant parties will begin to reconcile Buyer's bank accounts to account for all cash and checks that have been deposited into bank accounts after the Closing Date. The reconciliation will be based upon transaction dates and reconciled to both store transactions totals by day and deposit slips provided by the Armored Car providers. Deposits with dates and said to contain amounts prior to ~~February 8, 2019~~^{February 11, 2019} at 12:01am EST will be property of the Seller and any deposits with dates and said to contain amounts after ~~February 8, 2019~~^{February 11, 2019} at 12:01am EST will be property of the Buyer.

Credit Card Receivables

Given the settlement time (2-3 business days) for all credit card receivables, sales that occurred prior to ~~February 8, 2019~~February 11, 2019 at 12:01 am Est will be deposited into either the BAML Concentration Accounts for Kmart or Sears (Account numbers: 3752193929 and 1292801595, respectively). Following the Closing Date, these bank accounts will be owned by Buyer and will need to be reconciled using transaction data to account for the funds owed to Seller. Deposits with dates prior to ~~February 8, 2019~~February 11, 2019 at 12:01am EST will be property of the Seller and any deposits with dates and said to contain amounts after ~~February 8, 2019~~February 11, 2019 at 12:01am EST will be property of the Buyer.

Funds Collected in Lockbox Accounts:

- Pharmacy Lockbox Account:
 - Funds deposited into the Pharmacy Lockbox (held with BAML) will need to be reconciled following the Closing Date. All funds deposited prior to the Closing Date (~~February 8, 2019~~February 11, 2019 at 12:01am EST) will be property of the Seller. Following the Closing Date, funds will continue to be deposited into this account relating to sale transactions on or prior to February 7, 2019, and therefore this account will also need to be reconciled to properly account for the funds belonging to the Seller.
- Real Estate Lockbox
 - Funds deposited into the Real Estate Lockbox (held with BAML) will need to be reconciled following the Closing Date. All funds deposited prior to the Closing Date (~~February 8, 2019~~February 11, 2019 at 12:01am EST) will be property of the Seller. Following the Closing Date, funds may continue to be deposited into this account relating to sub-tenant lease payments on or prior to February 7, 2019. A reconciliation of this account will be required to account for payments made after the Closing Date to determine whether these payments are covering either a period prior to the Closing Date or for a period following the Closing Date
- General A/R: Deposits with dates prior to ~~February 8, 2019~~February 11, 2019 at 12:01am EST will be the property of the Seller and any deposits and said to contain amounts after ~~February 8, 2019~~February 11, 2019 at 12:01am EST will be property of the Buyer.
- Home Services: Deposits with dates prior to ~~February 8, 2019~~February 11, 2019 at 12:01am EST will be the property of the Seller and any deposits and said to contain amounts after ~~February 8, 2019~~February 11, 2019 at 12:01am EST will be property of the Buyer.

Buyer Funds Collected in Seller Bank Accounts Following the Closing Date:

Following the Closing Date, the Buyer anticipates a select number of depository bank accounts supporting activity relating to the Acquired Assets will not yet be assigned to the Buyer. The delay in transferring these bank accounts under the Buyers ownership. Following the Closing Date, a select number of bank accounts will be owned by Seller and will need to be reconciled using transaction data and store number to account for the funds owed to Buyer for those bank accounts with depository activity from both GOB stores and the 425 stores part of the Acquired Assets. Deposits from the GOB stores will be property of the Seller and any deposits from the Acquired Assets after February 11, 2019 at 12:01am EST will be property of the Buyer.

For the bank accounts under the Seller's control supporting deposits with dates and said to contain amounts after February 11, 2019 at 12:01am EST, the Seller agrees to transfer these funds to the Buyer daily via wire transfer. This process will be effective beginning February 11, 2019 at 12:01am EST and will continue until the Buyer is able to complete the account transfer process for these bank accounts. A detailed breakdown of the banking institutions, bank accounts, and store numbers are contained in Schedule G.

Pharmacy Lockbox

Following the Closing Date, the Seller will continue to control of the BAML Pharmacy Lockbox #843946 and related bank account ending in (1451). As provided in the TSA agreement the Seller will continue to operate Pharmacies for a period of time while the Buyer completes the Pharmacy registration and licensing process. All Pharmacy lockbox remittances and said deposits with dates after February 11, 2019 at 12:01am EST will be property of the Buyer; this account will be subject to a reconciliation to account for any remittances and depository activity relating to transactions prior to February 11, 2019 at 12:01am EST which will be property of the Seller. Deposits and remittances relating to transactions after February 11, 2019 at 12:01am EST will be property of the Buyer.

For all the pharmacy lockbox and deposits related bank accounts under the Seller's control after February 11, 2019 at 12:01am EST, the Seller agrees to transfer these funds to the Buyer daily via wire transfer. This process will be effective beginning February 11, 2019 at 12:01am EST and will continue until the Buyer is able to complete the pharmacy registration and licensing process, no later than 90-days post-closing.

Audit Rights:

Buyer will provide copies of bank statements, copies of armored car deposit slips and proof of deliveries, and copies of transaction data for credit card sale transactions incurred on February ~~8~~4, 2019 through ~~February 8, 2019~~February 11, 2019 at 12:01am EST to relevant parties, including Debtor Advisors, Unsecured Creditors Committee, [insert any additional parties missing] daily. Additionally, Buyer to comply with any additional requests made from Seller to audit the reconciliation once it is completed. The reconciliation process will begin on [~~Monday~~Tuesday, February ~~11~~12, 2019].

The Buyer and its Advisors (EY) will work with the company and its advisors to complete this reconciliation in a timely manner.

[Any dispute between the parties...(additional language to be provided by legal counsel)]

Attached please find the following schedules:

- Schedule A: Bank account listing for the 425 go-forward stores
- Schedule B: Bank account listing for all non-store locations
- Schedule C: Armored Car pickup schedules for store locations
- Schedule D: Armored Car pickup schedules for non-store locations
- Schedule E: Bank account listing for the 80 GOB stores
- Schedule F: Armored car pickup schedules for the 80 GOB stores
- Schedule G: Bank accounts unlikely to be transferred to Transform Holdco LLC at close